

Message Text

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ACTION H-03

INFO OCT-01 ARA-10 ISO-00 AID-01 SS-07 NSC-06 /028 W
-----072335 172156Z /75

R 171400Z AUG 77

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 5423

INFO AMEMBASSY BOGOTA

EERUESUZ/AMEMBASSY BRASILIA 345

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

AMCONSUL GUAYAQUIL

C O N F I D E N T I A L SECTION 1 OF 2 QUITO 5534

E.O. 11652: GDS

TAGS: OREP EC MASS ECON EFIS SNAR ETRD

SUBJ: SUBSTNATIVE HIGHLIGHTS OF CODELS YATRON AND WOLFF DISCUSSIONS
WITH GOE OFFICILAS AND PUBLIC COMMENTS

1. SUMMARY: DURING RECENT VISIT HERE CODELS YATRON AND WOLFF
HAD SEVERAL SIGNIFICANT SUBSTANTIVE EXHCANGES WITH GOE OFFICIALS
ON NARCOTICS, THE GSP EXCLUSION OF ECUADOR IN THE TRADE ACBGN
ARMS TRANSFERS, FISHING AND MULTILATERAL POLICY. IN NEWS
CONFERENCE CODELS SPOKESMAN EXPRESSED SYMPATHY FOR ECUADOR'S
DEFENSE NEEDS, INDICATZZ SUPPORT FOR REMOVAL OF GSP EXCLUSION
CLAUSE,YSAND PROMISED TO REQUEST RECONSIDERATION OF US ECONOMIC
ASSISTANCE POLICY TOWARD ECUADOR. END SUMMARY.

2. VISIT OF CODELS YATRON AND WOLFF AUGUST 11-13 PRODUCED
SEVERAL INTERESTING SUBSTANTIVE EXCHANGES WITH ECUADOREAN HOSTS
WHICH WE BELIEVE MAY HAVE MADE A LASTING IMPRESSION ON THE
CONGRESSMEN. SOME OF THE HIGHLIGHTS FOLLOW:

A. GSP EXCLUSION

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3. PRESIDING OVER THREE HOUR MULTI-MINISTRY MEETING WITH
CODELS AT FOREIGN MINISTRY AUGUST 12, FONMIN JOSEAYALA LASSO
TOUCHED, AS EXPECTED, ON EXCLUSION OF OPEC COUNTRIES FROM GSP
PROVISION IN 1974 TRADE ACT. AFTER REGISTERING FAMILIAR
ARGUMENTS AS TO WHY ECUADOR AND EVENEZUELA OUGHT TO BE
EXONERATED, AYALA RAISED QUESTIONS ABOUT THE SINCERITY OF THE

US EXECUTIVE BRANCH IN ATTEMPTING TO REVISE THE ACT. AYALA SAID THAT HE HAD BEEN TOLD SINCE THE OUTSET OF THE TRADE ACT THAT THE EXECUTIVE WAS TRYING ITS HARDEST TO REVISE THE PROVISION, BUT CONVERSTATIONS IN RECENT MONTHS WITH WASHINGTON OFFICIALDMQCSLED HIM TO ENTERTAIN DOUBTS ABOUT THE REAL COMMITMENT OF BOTH THE FORD AND CARTER ADMINISTRATION IN PUSHING FOR CHANGES. A MAJORITY OF THE JONGRESSMEN RESPONDED IN RECORDING THEIR DISAGREEMENT WITH CONTINUED EXCLUSION OF ECUADOR AND PERU. AT THE SAME TIME, SOME OF THEM EXPLAINED HOW DIFFICULT IT WAS FOR A PRESIDENT TO SORT OET VARIOUS PRIORITIES IN ORDER TO ACHIEVE EXCEPTIONS FROM THE GENERAL RULE FOR ONE OR TWO COUNTRIES.

B. AIR DEFENSE

4. AYALA KICKED OFF A DISCUSSION ON ECUADOREAN AIR DEFENSE BY RAISING THE ISSUE OF THE KFIR VETO. HIS REMARKS WERE PICKED UP BY MINDEF ANDRES ARRATA WHO DELIVERED A PASSIONATE PRESENTATION OF THE ECUADOREAN POSITION. ARRATA SAID THAT PERU'S ARMS BUILD-UP BEGAN IN 1974 AT A TIME WHEN US SECURITY ASSISTANCE TO ECUADOR WAS SUSPENDEED. IN RESPONSE, ECUADOR TURNED FOR THE FIRST TIME TO EUROPEAN SUPPLIERS FOR MAJOR WEAPONS SYSTEMS WHICH HE OBSERVED MIGHT HAVE BEEN THE GENESIS OF THE EVENTUAL MISUNDERSTANDING WITH THE US ON AIRCRAFT. PERU'S ORDERING AND ACQUISITION OF ALARMING QUANTITIES OF ARMOR, NAVAL EQUIPMENT, AND AIR STRIKE CAPABILITY WERE INTER-CONFIDENTIAL

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PRETED AS BEING DIRECTED AGAINST TWO COUNTRIES, CHILE AND ECUADOR, WHOSE POLICIES COULD NOT BE CONSTRUED AS PROVOCATIVE. BECAUSE OF THIS ECUADOR CONJECTED THAT PERU HAD ECUADOR'S OIL IN MIND. ECUADOR, SAID ARRATA, HAD THE OBLIGATION TO ODDAIN THE MEANS TO DEFEND ITSELF AND THIS IS WHAT IT WAS TRYING TO DO. ARRATA COMMENDED THE US WISH TO SEE A REDUCTION OF TENSIONS IN THE ANDES, BUT ARGUED THAT KEEPING ECUADOR FROM BUYING DEFENSIVE WEAPONS HAD THE RESULT OF MAKING THE WEAK WEAKER AND CREATING A MUCH RISKIER SECURITY ENVIRONMENT. ECUADOR HAS SPURNED OFFERS FROM THE SOVIETS BECAUSE OF IDEOLOGY AND FEAR OF SUBVERSION, BUT HAS TALKED TO OTHER, MORE EXPENSIVE, SUPPLIERS. HE SUMMARIZED THE PROBLEM BY SAYING THAT ECUADOR WAS THREATENED, AND COULD NOT LEAVE THE COUNTRY DEFENSELESS.

5. ADMIRAL RENAN OLMEDO, CHAIRMAN OF THE JOINT COMMAND, FOLLOWED WITH A PRESENTATION HIGHLIGHTING THE AIR DEFENSE SITUATION. HE STRESSED THE NEED FOR AN "INTEGRATED" SYSTEM EMBRACING AIR SURVEILLANCE, INTERCEPTORS, AND SURDACE-AIR MISSILES. HE EMPHASIZED THE INHERENT DEFENSIVE NATURE OF A MISSILE SYSTEM WHICH SHOULD NOT FRIGHTEN ANYONE WHO IS NOT INTENT ON INVADING ECUADOR'S AIR SPACE.

6. SEVERAL CON-
GRESSMAN REPLIED TO THESE STATEMENTS BY EX-
PRESSING SYMPATHY FOR ECUADOR'S POINT OF VIEW.

7. FOLLOWING THE MEETING, ARRATA AND OLMEDO TOLD POLCOUNSELOR
THAT THEY DID NOT EXPECT THE US CONGRESSMEN TO GO BACK HOME
AND ARRANGE TO CHANGE THE KFIR VETO OR OBTAIN ALTERNATIVE
AIRCRAFT FOR ECUADOR. HOWEVER, IT WAS EXTREMELY IMPORTANT
THAT THEY SHOULD GO BACK WITH AN UNDERSTANDING OF THE ECUADOREAN
POSITION AND REVIEW THE WISDOM OF US ARMS POLICY IN THE REGION.
ARRATA DESCRIBED AIR DEFENSE AS ONLY ONE OF MANY AREAS OF
POSSIBLE BILATERAL COOPERATION, EDWRESSING THE HOPE THAT IF
THE US COULD NOT BE FORTHCOMING ON THIS PROBLEM, IT MIGHT BE
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MORE HELPFUL IN OTHER FIELDS.

8. IN A SUBSEQUENT PRESS CONFERENCE, REPJT FISSCELL ACKNOWLEDGED
THAT SEVERAL OF THE CODEL MEMBERS HAD SAID THAT THEY INTENDED
TO GO BACK TO THE US AND PERSONALLY SEE WHAT MIGHT BE DONE ON
THE AIRCRAFT QUESTION. HE CAUTIONED, HOWEVER, THAT THERE WAS
CONSIDERABLE SENTIMENT IN CONGRESS AGAINST ARMS SALES. REP.

YATRON ADDED THAT THEY WOULD TAKE THE PROBLEM BACK WITH THEM
AND ATTEMPT TO BE HELPFUL. HE VENTURED THAT EVERY COUNTRY
MUST DEFEND ITSELF AND SATISFY ITS DEFENSE NEEDS AS IT SEES THEM.

C. NARCOTICS-DEFENSE LANGUAGE

9. AS CHAIRMAN OF THE SELECT COMMITTEE ON NARCOTICS,
REP. WOLFF EVINCE CONCERN THAT THE GOE MAY NOT BE DOING ITS
UTMOST TO DISCOURAGE THE TRAFFICKING
COCAINE FROM THE
SOUTHERN COUNTRIES THROUGH ECUADOR AND THEN TO COLOMBIA AND
THE US. SEEKING TO ENCOURAGE GOE EFFORTS DURING HIS VARIOUS
MEETINGS, HE POINTEDLY AND EXPLICITLY DREW A LINKAGE BETWEEN
THE US WILLINGNESS TO HELP ECUADOR ON ITS DEFENSE NEEDS AND
GOE WILLINGNESS TO EXERT ITSELF ON NARCOTICS CONTROL. HE TOLD
MINISTER LEVEL OFFICIALS SEVERAL TIMES THAT "YOU HAVE A DEFENSE
PROBLEM AND WE HAVE A DEFENSE PROBLEM (I.E., THE INVASION OF
NARCOTICS). IF YOU HELP US WITH OUR DEFENSE PROBLEM, WE WILL
HELP YOU WITH YOURS."

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INFO OCT-01 ARA-10 ISO-00 AID-01 SS-07 NSC-06 /028 W
-----071144 172154Z /75

R 171400Z AUG 77
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 5424
INFO AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY CARACAS
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY -,58-&9 1744
BGCONSUL GUAYAQUIL 935

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D. ECONOMIC ASSISTANCE

10. IN THE MINISTERIAL DISCUSSIONS, GOE MADE
STRONG PITCH FOR
ITS CONTINUED NEED OF SOFT DEVELOPMENT LOANS. THEY ARGUED THAT
ECUADOR'S PER CAPITA INCOME WAS STILL AMONG THE LOWER PERCENTILES
IN THE HEMISPHERE AND THAT ITS BALANCE OF PAYMENTS WAS PRO-
JECTED TOWARD DEFICITS IN THE "MIDDLE-RUN". CONGRESSMEN
QUESTIONED THEM CLOSELY ABOUT THE ECONOMIC SITUATION AND
SPECI-
FIC SOFT LOAN PROJECTS. IN REPLY TO A QUESTION ON THIS
PROBLEM AT THE PRESS CONFERENCE, REP. FACELL INDICATED THAT
WHILE AT FIRST IT SEEMED AS IF ECUADOR'S OIL REVENUES WOULD
TAKE CARE OF ITS DEVELOPMENT NEEDS, THIS MAY NOT NECESSARILY
BE TRUE. HE ACKNOWLEDGED THAT ECUADOR WAS ASKING US TO
RECONSIDER ITS POSITION ON BILATERAL AND OTHER ECONOMIC
ASSISTANCE AND INDICATED THAT US OUGHT TO REVIEW THE SITUATION
IN VIEW OF THE OBVIOUSLY CHANGED CIRCUMSTANCES. HE OBSERVED
THAT WHAT AT FIRST LOOKED LIKE A BONANZA DOES NOT SEEM LIKE
MUCH OF A BONANZA NOW AND IF THERE WAS A WAY TO HELP, THE US
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WOULD WANT TO CONSIDER IT.

E. FISHING

11. FOREIGN MINISTER AYALA TOLD THE CODELS THAT "FOR ALL IN-
TENTS AND PURPOSES, THE TUNA WAR CAN BE SAID TO BE OVER".

HOWEVER, HE CHIDED THE LEGISLATORS ON THE NEW US FISHING LAW AND MARINE MAMMAL LAW WHICH HE CHARGED SEEK TO IMPOSE US VIEWS BEYOND ITS TERRITORY. REP. DE LA GARZA RESPONDED AT LENGTH ADMITTING THAT SUCH LEGISLATION MIGHT BE FLAWED FROM THE STAND-POINT OF INTERNATIONAL LAW, BUT THAT IT ALSO WAS AN ACCURATE REFLECTION OF THE SENTIMENTS OF THE AMERICAN PEOPLE. DE LA GARZA ALSO HINTED THAT THE OFFENDING PASSAGES, E.G., PROTECTION OF ANADROMOUS SPECIES AND HIGHLY MIGRATORY SPECIES, HAVE NOT UNIFORMLY BEEN ENFORCED AND MIGHT PROVE TO BE DIFFICULT TO DO SO IN PRACTICE.

F. INTERNATIONAL FORA

12. REP. WOLFF TOLD GOE SIADE AT MINISTERIAL MEETING THAT ECUADOR'S VOTE IN THE LMQT UNGA IN WHICH IT CENSURED THE PRESENCE OF US MILITARY BASES IN GUAM WAS NOT VERY HELPFUL AND ASKED FONMIN AYALA TO EXPLAIN. AYALA AVOIDED DEFENDING THE VOTE, AND INSTEAD STATED "ECUADOR WILL TRY VERY HARD IN THE FUTURE NOT TO VOTE AGAINST US VITAL INTERESTS AT SUCH MEETINGS, BUT IT ALSO HOPES FOR RECEPROCITY ON THIS." BLOOMFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CODELS, TRAVEL REPORTS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977QUITO05534
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770297-0579
Format: TEL
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770853/aaaabsqt.tel
Line Count: 245
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Office: ACTION H
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1576196
Secure: OPEN
Status: NATIVE
Subject: SUBSTNATIVE HIGHLIGHTS OF CODELS YATRON AND WOLFF DISCUSSIONS WITH GOE OFFICILAS AND PUBLIC COMMENTS
TAGS: OREP, MASS, ECON, EFIS, SNAR, ETRD, EC, (YATRON, GUS), (WOLFF, LESTER L),
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c21e6b59-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009